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SUBJECT: MINISTERIAL CAPACITY SURGE ASSESSMENT - INTERIM REPORT

¶11. (SBU) SUMMARY: As of March 30, 97 percent of the 75 "surge" advisors on Ministerial Capacity have arrived in Baghdad. Their arrivals were staggered; in mid-January, 53 percent were present and working in country. Surge personnel focus on providing targeted skills to several key non-security ministries; eighteen provide targeted assistance on energy issues. Overall, ministerial engagement team leaders agree that surge personnel enable them to focus on critical initiatives that would otherwise have been difficult to tackle. Surge personnel have been most effective when their skills match specific needs in Iraqi ministries. But because those needs are evolving, flexibility is also essential. While it is early to point to specific accomplishments, surge personnel are addressing ministerial priorities that advance both Government of Iraq (GOI) and U.S. interests. As they do so, they face one major obstacle - security restrictions that can severely limit access to the Ministries. The success of this surge will depend on whether personnel are able to work around these physical limitations.

¶12. (SBU) As events of the past week have shown, that is not always easy. Ministries are often wary of a too-visible U.S. presence, day-to-day, in the Ministry. In addition, security details will not permit predictable daily trips to and from the same location. For that reason, with the exception of two "mini-surges," currently in the planning stages, we recommend holding to existing numbers of advisors for the present. We will assess effectiveness again in our next quarterly assessment; in addition, two broader assessment efforts are underway; the results will inform our planning. Some surge personnel are considering whether locally engaged staff, appropriately trained, might continue implementation of programs once surge personnel depart, an approach already used by USAID programs. END SUMMARY.

GETTING (THE RIGHT) BOOTS ON THE GROUND

¶13. (SBU) Surge personnel focus primarily on work with ministries at the national, not provincial, level. They are most effective when their specific technical expertise matches the needs of the ministries. But those needs have evolved since positions were originally identified. U.S. priorities have also shifted, placing greater emphasis on helping ministries spend their budgets on both reconstruction and technical assistance. These shifting needs, coupled with delays in identifying/hiring surge personnel, has required flexibility from the Mission, the ministries, and surge personnel.

SECURITY A MAJOR CONCERN

¶4. (SBU) Surge personnel are not "embedded" in ministries, and they face a common obstacle: security. Most ministries are located outside the International Zone (IZ), although individual Ministers may live or maintain offices in the IZ. Travel to any ministry is subject to Mission security restrictions, cancellation or curtailment. Once on site, the visitor is extremely visible. Iraqi officials - who have been the targets of kidnappings and assassinations -- are sensitive to the optics of U.S. ministerial assistance; some are more willing than others to meet with us in the IZ. The Ministry of Health, for example, is currently off-limits; surge personnel meet with the Minister - frequently - at his IZ home. While some ministerial advisors (such as Electricity) see Ministry personnel frequently, others visit ministries on average one-two times per week. VTC capability is now available in the key government offices and ministries, and could provide an alternative to visits. However, it is a clear second best to meeting in person, and highly dependent on a well-established relationship between the participants. No question: personal, face-to-face contact is better for this work. USAID's National Capacity Development project, Tatweer, maintains two compounds outside the IZ with living and office space for its staff. These lower-profile locations are appreciated by GOI staff and used for training, meetings, and follow-up assistance sessions.

GOALS VARY BY MINISTRY

¶5. (SBU) While it is early to judge their overall impact, the "surge" has increased our ability to address both U.S. and GOI priorities more effectively. This works best when both sides have agreed that they ARE priorities. Key examples include:

USAID Implementing Partners: the Tatweer Program and Economic

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Growth II: Fifty (50) of the 75 surge personnel were recruited to work across various ministries through two existing USAID projects: Tatweer and the Economic Growth II program. USAID's National Capacity Development Project, known by its Arabic name, Tatweer (which means development) is the USG's principal national capacity development effort, a three-year, \$209 million development project extending through July 2009. It operates out of two Red Zone compounds, and has field offices in Mosul, Erbil and Basrah. Working with 10 ministries and five executive offices, it focuses on core areas of public management: budgeting, procurement, project management, human resources, leadership/communication, strategic planning, decision-making and information technology. Tatweer's 44 additional surge advisors expand ministerial engagement through mentoring and coaching on public administration skills, and addressing needed system reforms, with increased focus on GOI budget execution. Economic Growth II advisors working with the Ministry of Labor and Social Affairs designed and delivered a pilot system for the GOI's social safety net program (now in use in Baghdad). They are currently working on a database for national roll-out of the program.

Ministry of Health: While two of three Department of Health and Human Services surge personnel have been on the ground for several months, the third arrived only in early March. Surge personnel have benefited from the November 2007 change of Health Ministers.

Working with the current Minister, surge personnel have identified strategic priorities: transfer of U.S.-built assets (Primary Health Clinics), training for operation of donated equipment, and reform of the Iraqi system of procurement and distribution of medical supplies. To this, surge personnel have recommended: development of a field epidemiology program, enhanced coordination with PRTs on health care issues, and improved budget execution. With the change of Minister, U.S. proposals have found greater support; in our view, the next 60-90 days will be critical to gauging our impact. For that reason, we will add a six-month TDY staff member from CDC in April, and plan to add an additional one-year position for a health financial advisor.

Ministry of Finance: Surge personnel from the U.S. Treasury Department have focused on two key issues: Iraqi implementation of

an electronic funds transfer (EFT) system and budget training for ministerial and provincial Directors General. EFT is a key priority; Iraq's present unit banking systems does not allow for funds transfer between bank branches. EFT will also promote private sector banking. For that reason, one member of the surge team has been assigned this task. The second has managed budget execution training for Ministerial and Provincial Directors General. Given changes in the chart of accounts and procurement regulations, and scant experience by provincial authorities, these courses are a key component in U.S. efforts to maximize the GOI's ability to spend its money. Three surge personnel hired through USAID's Economic Growth II program are working closely with the MoF to restart the Iraqi Financial Management Information System, designed to bring efficiency and transparency in tracking and reporting executed budgets. They have also developed a provincial budget tracking system, which six provinces are piloting.

Ministry of Electricity/Ministry of Oil/Energy Fusion Cell: USAID recruited and fielded 18 energy sector subject matter experts (to support the Coalition's Energy Fusion Cell (EFC), which works with the Ministries of Oil and Electricity. The 18, who now comprise the Tatweer Energy Group, were in place by the end of January 2008, and have expanded our efforts with these two key ministries. The experts have focused specifically on streamlining procurement and budget execution processes, and assisting with major contracting actions. They also provide analysis and assistance in financial management, procurement, human resources, information technology, project management and training of ministry personnel. Since their arrival, they have developed workplans in collaboration with the ministries and the Coalition's Energy Fusion Cell. Ministers agreed to the general content by mid-March; task-specific versions based on this agreement are underway. Access by Embassy/surge personnel is good; for example, there are near-daily meetings with MoE staff as well as the Minister.

Ministry of Justice: Surge personnel (a mix of DOD, DOJ and USAID resources) all arrived by the end of February. Their key priorities are: the land registry, budget execution, and a long-term plan for rehabilitation of the prison system. One team member is also providing webmaster assistance to Iraq's official gazette and land registry offices. The land registry project was specifically identified by the Ministry's Director General (DG) as a GOI "must do;" the land registry office was recently the target of an insurgent threat and its destruction would have significantly hampered development projects. (In the event, MNF-I Stratops was

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invaluable in coordinating emergency protection of the office by the ISF with overwatch by MND-B.) Surge personnel have proven particularly valuable in this field; for example, USAID Tatweer's surge advisor is providing technical assistance to the land registry office in Karada, including a pilot automation project. Among the team's goals is to identify projects which the Iraqi government can and should fund; the MoJ, like many other ministries, has found it difficult to make decisions on funding anything outside their normal budgeting process. Surge personnel face the same access issues as those working with other key ministries, although we have noticed an increasing willingness of MoJ officials to meet in the IZ.

Council of Ministers Secretariat and Legal Departments/ Prime Minister's Office/Shura Council/Gazette/Minister of State for COR Affairs: Surge personnel, who had all arrived by January/February, provide technical assistance to these institutions on legislative development across the board. Access to and interaction with these institutions is relatively easy; all are in the IZ with the exception of the Gazette and Shura Council. Surge personnel are assessing ways to train locally engaged staff to work with the Red Zone-based Shura Council and Gazette (the Shura Council is particularly wary of visible foreign influence). Surge personnel have increased the U.S. ability to strengthen these institutions. Among their proposals: a "quick-start" training program for COR staff and members, to be announced March 31. The Embassy proposed reobligation of IRRF funding to support the efforts of this surge team. Tatweer surge advisors working in GOI executive offices continue to assist with GOI civil service reform, organizational reforms and requests for specialized training

courses.

Ministry of Agriculture: One of two surge personnel slated for the Ministry of Agriculture arrived in mid-February; the second is being recruited. The surge advisor has two primary projects. The first is developing plans for the revitalization of Iraq's agricultural research and education center in Abu Ghraib - a cluster of institutes that has historically been the backbone of Iraq's agricultural research and training. Securing and revitalizing the Abu Ghraib "agriculture alley" will also offer enhanced opportunities for in-country training. Because this expert has previous experience in agricultural cooperatives, he will also act as advisor to a PRT pilot project designed to develop cooperatives as a means to wean Iraqi farmers from over-reliance on central government decision-making and input supply. Through Tatweer, 44 ministry staff have become trained trainers; the ministry leads in the number of staff who have participated in the full range of public administration courses. Ministry staff are also implementing a new organizational self-assessment tool introduced by Tatweer and institutionalized throughout the GOI.

Ministry of Planning and Development Cooperation: While we had considered shifting this position, the Planning Minister's direct request for assistance changed our opinion. The advisor, on the ground a few weeks, has quickly built his credibility with the Minister, despite the difficulty of travel to the Red Zone for meetings. Mutual assessment of needs is underway; initial discussions have identified the need for cost-benefit analysis models which the Ministry of Planning (and other ministries) could use to prioritize project spending. More targeted training is also a priority for the Ministry, including "train the trainer" courses that would maximize specialized knowledge - building on earlier training through Tatweer. Tatweer surge personnel are also responding to specific requests from and developing capacity in the Ministry's National Center for Consultancy and Management Development (NCCMD), Central Organization for Statistics and Information Technology (COSIT), the Central Organization for Standardization and Quality Control (COSQC), and the Al Quds School for computers.

LESSONS LEARNED SO FAR

¶6. (SBU) What have we learned so far? First and foremost, that buy-in from the Ministries is essential to our effectiveness. Second - and related - is that Iraqis' sense of national ownership is on the rise; they want to be seen as leading their ministries. That means we need to minimize our profile as we continue to provide much needed expertise. Third, the technical credibility of our experts is of paramount importance. The better they are, the better they answer specific Iraqi needs, the more they are relied upon. Fourth, Arabic language skills are important - but not for all jobs. Finally, security issues will continue to constrain our access for the time being. We will need to be creative and flexible to overcome this hurdle.

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WHERE DO WE GO FROM HERE?

¶7. (SBU) Most Ministerial team leaders believe that the next three months will be a crucial proving ground for our surge personnel and their efforts. While their fields of expertise are different and, in some cases, extremely specialized, both surge personnel and existing ministerial engagement teams recognize budget execution as a joint U.S.-GOI priority (and a key metric of success). The GOI intends to propose a supplemental budget in the May-June timeframe. In order to be considered for additional funding, ministries must have committed 25 percent of their 2008 budget by May 1. This will be a significant challenge - one that our advisors must work with their ministries to address.

¶8. (SBU) Some surge personnel and ministerial engagement team

leaders have already identified areas where additional U.S. advice would help boost ministerial capacity. Our effort with the Ministry of Health is slated for a second, "mini-surge" in the coming weeks, when our Health team is joined by a six-month TDY CDC Public Health expert dedicated to working with PRTs on health issues. A second health budget execution advisor, on financial issues, is currently being selected. Our health team continues to explore with DOD whether they could assist in identifying an expert on pharmaceutical procurement and distribution. In addition to a plus-up of the health team, the Embassy has proposed reobligation of existing IRRF funds to add 12 Treasury advisors -- an intensive effort to maximize Iraqi budget execution capability. These funds, however, are subject to congressional approval.

¶9. (SBU) With these exceptions, we believe it is time to stand pat, and let these surge experts focus on their priorities. By our next quarterly assessment, however, it will be time to evaluate whether existing surge positions should be continued or redirected. For some programs, transition to locally engaged staff may be appropriate. But we will also need to look beyond the "surge 75" to our broader ministerial engagement teams. Many of our experts are part of the Embassy's ITAO office, which is slated for gradual drawdown. As the best ministerial advisors have technical expertise that ministries value, we will need to consider how to maintain a productive match of advisors to ministries.

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